

NSP NORTHERN STATES POWER COMPANY
WISCONSIN
WISCONSIN ELECTRIC RATE BOOK

REVISION: 3
VOLUME NO. 7

SHEET NO. E 54.2
SCHEDULE Art-1
AMENDMENT NO. XXX

Experimental Advanced Renewable Energy Purchase Service

Effective In All territories served by the Company.

Definition:

Distributed generation facilities are electricity generators owned by the customer, located close to the point of energy consumption, and small in scale, usually no more than the existing load of the customer.

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Availability The advanced renewable energy tariff is available to retail customers who would own small distributed generation facilities that are powered by a renewable resource and placed in initial service after January 1, 2005. Electric providers are not allowed to own a majority share of the projects that participate in the tariff. Small renewable distributed generators may sign up for this tariff until the tariff has been fully subscribed or the capacity for a specific technology has been reached as determined by the caps described below.

Size

The minimum size project per customer is 20 kW. The maximum size project per customer is:

- Anaerobic Digestion:
 - Tier 1: 800 kW
 - Tier 2: 2 MW
 - Tier 3: 5 MW (Community-Based Project Only)
- Wind:
 - Tier 1: 100 kW
 - Tier 2: 2 MW
 - Tier 3: 5 MW (Community-Based Project Only) 1 MW
- Solar: 10 kW
- Community Based Project: 5 MW

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Environmental and Renewable Energy Credits

The electric provider retains the rights and ownership to any environmental credits (including any RECs, methane offsets, carbon credits, etc.) generated under this tariff.

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Program Subscription Limits

The Company offers the advanced renewable energy tariff to retail customers, beginning at the effective date of the tariff, until fully subscribed. A fully subscribed tariff offering will be reached when small, renewable distributed generation accounts for one-quarter percent (0.25%) of the electric providers retail electricity sales (in megawatt-hours) for 2009 as submitted in the Company's FERC Form 1 filing.

Technology Limit

The solar technology category will be fully subscribed when 300 kW of capacity has been subscribed.

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Community-Based Limits

The Community-Based Project Category is only applicable to the Anaerobic Digester and Wind technology categories. In addition, the Community-Based Category is applicable only to local units of government (Village, City, Towns, or Counties), or to existing retail customers that choose to join together to develop a joint project.

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Connection

Generation facilities must meet the interconnection requirements of the "Rules for Interconnecting Distributed Generation Facilities" (PSC 119). Interconnection of the generator will be at distribution voltage only (less than 50 kV). Customer systems shall be also be connected in accordance with all PSCW and Company requirements.

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ISSUED:

EFFECTIVE: For service rendered on and after

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-117 dated

Experimental Advanced Renewable Energy Purchase Service (continued)

Pricing

The advanced renewable energy tariff pricing is structured as a fixed payment for all electrical output. The price paid for renewable generation under the advanced renewable energy tariff is based on or near production costs associated with each renewable energy technology covered by this tariff. Customers operating renewable systems shall be paid at the rates shown below for 100% of the generator output, regardless of customer usage or base rate applicability:

The prices for renewable resources offered under the advanced renewable energy tariff are as follows:

- **Anaerobic Digestion Energy Systems** (The payment rate for biogas energy systems taking service under this tariff and properly connected to the utility distribution system is as follows):
 - Tier 1: per kWh
 - Tier 2: per kWh
 - Tier 3 (Community-Based Projects Only): per kWh
- **Wind Energy Systems** (The payment rate for wind energy systems taking service under this tariff and properly connected to the utility distribution system is as follows):
 - Tier 1: per kWh
 - Tier 2: per kWh
 - Tier 3 (Community-Based Projects Only): per kWh
- **Solar Energy Systems** (The payment rate for solar energy systems taking service under this tariff and properly connected to the utility distribution system is as follows):
 - per kWh
- **Community-Based Energy Systems** (The payment rate for community-based energy systems taking service under this tariff and properly connected to the utility distribution system is as follows):
 - per kWh

Tariff Period Length and Guaranteed Payment Rate

The effective term for an advanced renewable energy payment rate is ten (10) years from the effective date of the contract. Once established on the effective date of the contract, the payment rate under this tariff is constant over the ten year period.

At the end of the 10 year period, no other payment program is available, the generator will be paid the standard "avoided cost" default buy-back period for generators as defined by existing utility tariffs.

Tariff Escalation

No adjustments to the advanced renewable energy tariff will be made based on cost or fuel cost escalation.

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Other Renewable
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Deleted: For all other customer-sited renewable energy systems using technologies that have been determined by the PSCW pursuant to Wisconsin Act 141 to comply with the Wisconsin Renewable Portfolio Standard, any such qualified renewable energy systems taking service under this tariff and properly connected to the utility distribution system shall be negotiated with the electric provider on a case-by-case basis.¶

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SCHEDULE Pg-1

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. XXX

PARALLEL GENERATION - NET ENERGY BILLING SERVICE

Effective In All territories served by the Company.

Availability Available to any retail electric customer with customer owned renewable resource generation of 100 kW or less for purpose of operating generation interconnected with Company's system, where customer's delivery offsets retail electric consumption at the same site. If a customer has more than one electric generator, the generators' ratings shall be summed and the sum may not exceed 100 kW.

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Renewable resource generators include generating systems which exclusively utilize wind, solar photovoltaic, wood or wood waste, refuse derived fuel, biogas, or hydro-electric generators that must meet the renewable resource definition contained in Wisconsin Statute 196.378. Renewable resource generation equipment must be located on the customer's premises serving only the customer's premises.

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Monthly Energy Credit

- 1) A retail electric customer generating power with renewable resource facilities shall be billed monthly on a net energy basis. The retail electric customer may offset electricity usage at the same site each month on a net energy basis.
- 2) Customer will receive credit for energy delivered each month in excess of the amount used that month. The credit will be given at the Pg-2A service rate and applied to the customer's account for retail service at the same site. If Customer receives retail service on a non-tou basis, then excess generation shall be compensated at the Pg-2A service using the weighted average of 34.8% of the on-peak Pg-2A rate and 65.2% of the off-peak Pg-2A rate.
- 3) If in any month, the customer's bill has a credit balance of \$25 or less as determined using the net energy billing method, the amount shall be credited to a subsequent bill until a debit balance is reestablished.

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Special Rules

- 1) The customer's generation facility shall be permanently connected to only those facilities receiving service under schedules with similar rate designs. Customer shall not switch the generation between two or more rate schedules. This tariff applies only to the energy generated by customer's renewable resource generation facilities.
- 2) Customer shall retain all renewable credits and other attributes associated with the energy provided to the Company pursuant to this tariff.
- 3) NSPW will continue to purchase excess generation from customers who have initiated service under the Pg-1 tariff prior to January 1, 2012, and who have generation with name plate capacity of 20kW or less until the Commission issues its order in the Company's next general rate case.

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REVISION: 7 SHEET NO. E 55.1

SCHEDULE Pg-1.1

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7 AMENDMENT NO. xxx

PARALLEL GENERATION - NET ENERGY BILLING SERVICE (cont'd)

Parallel Generation – non-renewable resource purchase service Pg-1.1 formerly listed under items 2) and 3) is cancelled.

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Energy Cost Adjustment Energy Payments based on retail energy rates are subject to the adjustment provided for in Energy Cost Adjustment. See Schedule X-1, Sheet No. E 63.

Late Payment Charge A one percent (1%) per month late payment charge will be applied to outstanding charges unpaid 20 days after the date of billing.

Terms and Conditions of Service See Schedule PG-3.

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REVISION: 8

SHEET NO. E 56

SCHEDULE Pg-2

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. xxx

PARALLEL GENERATION - ENERGY PURCHASE SERVICE-(cancelled)

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Pg-2 service has been cancelled and is replaced by Pg-2A or Pg-2B or Pg-2C services. Please refer to the appropriate tariff sheet for the applicable replacement service as follows: N

<u>Replacement Pg-2 service</u>	<u>Generator Size</u>	<u>Type of Pricing</u>
Pg-2A	2,000 kW or less	Historical Average LMP
Pg-2B	5,000 kW or less	Day Ahead LMP
Pg-2C	20,000 kW or less	Negotiated Purchase

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SHEET NO. E 56.4

SCHEDULE Pg-2A

WISCONSIN ELECTRIC RATE BOOK

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PARALLEL GENERATION - ENERGY PURCHASE SERVICE

Effective In All territories served by the Company.

Availability Available to any retail electric customer with generation certified as a "qualifying facility" under Part 292 of the Federal Energy Regulatory Commission's regulations under the Public Utility Regulatory Policies Act of 1978, rated 2,000 kW or less for purpose of operating generation interconnected with Company's system, where customer's delivery is purchased by Company.

Rate Customer shall receive monthly payment for all electricity delivered to Company and shall be billed by Company for metering and associated billing expenses as presented below.

Customer Charge

Generators rated from 21 kW to 100 kW delivering
at less than 200 amps. \$ 6.50/mo.

Generators rated from 21 kW to 100 kW delivering
more than 200 amps. \$ 8.60/mo.

Generators rated at more than 100 kW \$ 14.86/mo.

Energy Credit for Deliveries to Company

On-Peak Energy Credit Rate: For 2012 rates, the on-peak energy credit rate shall be equal to the average of the on-peak Day Ahead Locational Marginal Prices ("DA LMP") at the NSP.NSP load zone node for the previous year November 1, 2010 to October 31, 2011. The rates shall be reset annually on January 1 of each year based on the hourly average on-peak DA LMP at the NSP.NSP load zone node of the most recently completed November 1 to October 31 period. The on-peak credit rate for 2012 is \$ 0.0xxxx per kWh.

Off-Peak Energy Credit Rate: For 2012 rates, the on-peak energy credit rate shall be equal to the average of the off-peak Day Ahead Locational Marginal Prices ("DA LMP") at the NSP.NSP load zone node for the previous year November 2010 to October 2011. The rates shall be reset annually on January 1 of each year based on the hourly average off-peak DA LMP at the NSP.NSP load zone node of the most recently completed November 1 to October 31 period. The off-peak credit rate for 2012 is \$ 0.0xxxx per kWh.

Definition of Peak Periods Unless specified to the contrary in writing by the Company to any customers using this schedule and refilling this rate sheet not later than November 1 of each year, on-peak hours shall be from 9:00 a.m. to 9:00 p.m. Monday through Friday, inclusive (excluding holidays), for the 12 months beginning with the first full billing period following December 15. The holidays designated shall be New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas, on the day nationally designated to be celebrated as such. When a designated holiday occurs on Saturday, the preceding Friday will be considered an off-peak day. When a designated holiday occurs on a Sunday, the following Monday will be considered an off-peak day. Off-peak hours are times not specified as on-peak hours.

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NSP NORTHERN STATES POWER COMPANY
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WISCONSIN ELECTRIC RATE BOOK
REVISION: 0 SHEET NO. E 56.5
SCHEDULE Pg-2A
VOLUME NO. 7 AMENDMENT NO. xxx
PARALLEL GENERATION - ENERGY PURCHASE SERVICE(cont'd)

Energy Loss Factors: The following loss factors shall be applied to the on-peak and off-peak energy credit rates and capacity payments to reflect Company system losses:

Customers Generation metered at Transmission (transformed) ;	1.05116
Customers Generation metered at Primary ;	1.09577
Customers Generation metered at Secondary ;	1.06481

Capacity Payment: Should the Midwest Independent Transmission System Operator ("MISO") implement a capacity market, a capacity credit shall be implemented reflecting the MISO capacity market pricing method.

Renewable Premium: At the Company's sole discretion, a premium to be paid on a per kWh basis maybe applied to generators that generate a renewable credit that is transferred to the Company. Customers retain the right to refuse a renewable premium and keep the renewable credits or tags. Premiums could be set when the contract is signed.

Terms and Conditions of Service See Schedule PG-3.

Late Payment Charge A one percent (1%) per month late payment charge will be applied to outstanding charges unpaid 20 days after the date of billing.

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SHEET NO. E 56.6

SCHEDULE Pg-2B

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. xxx

PARALLEL GENERATION - ENERGY PURCHASE SERVICE - LMP

Effective In All territories served by the Company.

Availability Available to any retail electric customer with generation certified as a "qualifying facility" under Part 292 of the Federal Energy Regulatory Commission's regulations under the Public Utility Regulatory Policies Act of 1978, rated 5,000 kW or less for purpose of operating generation interconnected with Company's system, where customer's delivery is purchased by Company. Customers with generating capacity of 2,000 kW or less have the option of selling energy to the Company under this Pg-2B tariff or the Pg-2A tariff.

The existing Pg-2A customers desiring to change to the Pg-2B tariff can do so only in the beginning of the next calendar year and must stay on the new rate for at least one full calendar year. Similarly, the existing Pg-2B customers of 2,000 kW or less desiring to change to the Pg-2A tariff can only change in the beginning of the next calendar year and must stay on the new rates for at least one full calendar year. This transition between these two tariffs can occur only at the beginning of the calendar year.

Rates Customer shall receive monthly payment for all electricity delivered to Company and shall be billed by Company for metering and associated billing expenses as presented below.

Customer Charge \$ 14.80/mo.

Energy Credit for Deliveries to Company

The customer shall be compensated at the hourly Day Ahead Locational Marginal Prices ("DA LMP") at the NSP.NSP load zone node expressed in \$/kWh.

Capacity Payment Should the Midwest Independent Transmission System Operator ("MISO") implement a capacity market, a capacity credit shall be implemented reflecting the MISO capacity market pricing method.

Energy Loss Factors The following loss factors shall be applied to the on-peak and off-peak energy credit rates and capacity payments to reflect Company system losses:

Customers Generation metered at Transmission (transformed) ;	1.05116
Customers Generation metered at Primary ;	1.09577
Customers Generation metered at Secondary ;	1.06481

Renewable Premium: At the Company's sole discretion, a premium to be paid on a per kWh basis maybe applied to generators that generate a renewable credit that is transferred to the Company. Customers retain the right to refuse a renewable premium and keep the renewable credits or tags. Premiums could be set when the contract is signed.

Terms and Conditions of Service See Schedule PG-3.

Late Payment Charge A one percent (1%) per month late payment charge will be applied to outstanding charges unpaid 20 days after the date of billing.

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POWER COMPANY
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SHEET NO. E 56.7

SCHEDULE Pg-2C

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. xxx

PARALLEL GENERATION - ENERGY PURCHASE SERVICE-NEGOTIATED

Effective In All territories served by the Company.

Availability Available to any retail electric customer with generation certified as a "qualifying facility" under Part 292 of the Federal Energy Regulatory Commission's regulations under the Public Utility Regulatory Policies Act of 1978, rated 20,000 kW or less for purpose of operating generation interconnected with Company's system, where customer's delivery is purchased by Company. Customers with generating capacity of 5,000 kW or less have the option of selling energy to the Company under this Pg-2C tariff or the Pg-2B (LMP) tariff.

Negotiated Rates Company and prospective parallel generation customers are required to adhere to the interconnection rules and guidelines set out in PSC 119. Notwithstanding those guidelines, parallel generation customers have the right to request negotiated buy back rates. The following are the required procedural guidelines for negotiation of buy back rates to apply to customer's generation output:.

1. Except as allowed by Paragraph 3 below, the Company must respond to the customer within 30 days of initial receipt of the customer's written proposal, and within 30 days of receipt of any customer's subsequent written proposal.
2. The Company's response may either accept or reject customer's proposal. Company's rejection of customer's proposal must be accompanied by a counter offer relating to the specifics of the customer's written proposal; except
3. If Company is unable to respond to the customer's written proposal within 30 days it shall inform the customer of:
 - a. Specific information needed to evaluate the customer-owned generation system proposal.
 - b. The precise difficulty encountered in evaluating the customer-owned generating system written proposal.
 - c. The estimated date that the company will respond to the customer's written proposal.
4. The commission may become involved in the Company and customer negotiations upon a showing by either the Company or the Customer that a reasonable conclusion cannot be reached under the above guidelines. The commission may provide a waiver to the guidelines and order new negotiation requirements so that a reasonable conclusion can be reached.

Renewable Premium: At the Company's sole discretion, a premium to be paid on a per kWh basis may be applied to generators that generate a renewable credit that is transferred to the Company. Customers retain the right to refuse a renewable premium and keep the renewable credits or tags. Premiums could be set when the contract is signed.

Terms and Conditions of Service See Schedule PG-3.

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SCHEDULE Pg-3

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. xxx

PARALLEL GENERATION - TERMS AND CONDITIONS OF SERVICE

Terms and Conditions of Service

1. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill in accordance with the charges and credits of this rate schedule.
2. The customer shall furnish, install and wire the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by the Company to properly meter usage and sales to the Company.
3. Company shall install the necessary facilities and equipment to accommodate customer's generation output associated with this service. At the customer's option, either the Company or customer will bear the installation cost. However, if installation is made at Company's expense, customer must reimburse the Company the full installed cost, including any financing costs, over a period not to exceed two years.
4. To interconnect, customer's generation must be installed, connected and operated in compliance with existing codes and Company's PARALLEL GENERATION – GENERAL RULES as shown in Schedules PGX-1 to PGX-1.2, which were established in accordance with Docket No. 01-AC-48, and the rules provided in PSC-119. R
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5. Customer must maintain and provide certification either of financial responsibility in accordance with PSC-119 covering the operation of customer's generation equipment and its output. R
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